

Date Mailed
June 9, 2000

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Administration of the Mechanisms of Price Regulation Pertaining to
GTE North Incorporated on the Fifth Anniversary Date

2180-TI-133

**NOTICE OF PROCEEDING
AND
INVESTIGATION AND ASSESSMENT OF COSTS**

THIS IS A PROCEEDING TO determine the amount that GTE North Incorporated (GTE), may increase, or decrease, its price regulated rates pursuant to Wis. Stat. § 196.196(1)(c) and Wis. Admin. Code § PSC 163.04(1).

Price regulation is an optional method of regulation whereby companies are allowed flexibility to change prices within specified limits, regardless of profits. Average prices for basic local exchange services are limited by a formula based on inflation, minus a productivity offset, plus or minus incentives and penalties based on performance relating to service quality and infrastructure investment. Services currently subject to this price regulation formula are basic local exchange service, and standard business access lines and usage by small business with no more than three access lines.

This proceeding will also set new company-specific benchmarks for service quality to administer the mechanisms of price regulation pertaining to GTE's year 2001 anniversary date. In addition, this proceeding will set new company-specific benchmarks for infrastructure investment and contributions to the Wisconsin Advanced Telecommunications Foundation, and make any other determinations, as necessary, to administer the mechanisms of price regulation pertaining to GTE's year 2001 and 2002 anniversary dates. The mechanisms include the annual percentage change in the Gross Domestic Product Price Index (GDPPI), a productivity offset to the change in the GDPPI, an increase in the productivity offset for inadequate service or insufficient investment, and a decrease in the productivity offset to encourage infrastructure investment.

Pursuant to Wis. Adm. Code § PSC 163.04(1), on April 30, 2000, GTE filed certain information with the Commission for the Commission's determination of the amount the utility may increase or decrease its rates. GTE filed this information in advance of its anniversary date, June 1. Pursuant to Wis. Adm. Code § PSC 163.04(8)(a), the Commission shall issue an order no later than 30 days after the utility's anniversary date authorizing the amount the utility may increase its rates or mandating the amount it shall reduce them.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

Currently, the only party to this proceeding is GTE. Any other person desiring to become a party shall file a request pursuant to Wis. Stat. § 227.44(2m) and Wis. Admin. Code § 2.32(3) no later than 10 days from the date of this notice. The request shall be addressed to Administrative Law Judge Jeffrey J. Patzke, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, WI 53707-7854. The request shall be served upon GTE before it is filed.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the case coordinator listed below.

Questions from the media may be directed to Jeffrey L. Butson, Public Affairs Director, at (608) 267-0912.

Questions regarding this matter may be directed to case coordinator Christopher Larson at (608) 267-9508.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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